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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

RECD S.E.C.
MAY 1992
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QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 31, 1992
Commission File No. 33-35738

MEDENTA CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
State or other jurisdiction of incorporation or organization

PROCESSED BY
MAY 19 1992
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52-1685988
I.R.S. Employer Identification No.

Microfilmed by
O-Data Corp. - St. Petersburg, FL

7634 NW 6th Avenue
Boca Raton, FL 33486
(Address of principal executive offices)

(407) 994 2070
Registrant's area code and telephone number

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes XX No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the latest practicable date.

Class	Outstanding at May 14, 1992
Common Stock, $.001 par value	2,960,000

MEDENTA CORPORATION
(a Development Stage Corporation)

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MEDENTA CORPORATION

(A Development Stage Corporation)

Part I

Financial Information

The information furnished in the accompanying Balance Sheets, Statements of Operations, and Statements of Cash Flows of Medenta Corporation (the Company), have been prepared in accordance with generally accepted accounting principles for interim financial information, the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (constituting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the audited financial statements and notes thereto included in the Company's Form 10-K, as filed with the Securities Exchange Commission.

HEDENTA CORPORATION
(A Development Stage Corporation)

BALANCE SHEETS

	March 31, 1992 (Unaudited)	Last Fiscal Year End December 31, 1991
ASSETS		
Current Assets:		
Cash and cash equivalents, including restricted cash of $23,383 at December 31, 1991	$636,900	$816,574
Accounts Receivable, net of allowance for doubtful accounts of $6,592	1,910	$5,535
Prepaid expenses		
Total Current Assets	638,810	822,109
Property and Equipment, net	27,393	27,796
Other	24,257	24,624
TOTAL ASSETS	$690,468	$874,529
LIABILITIES and STOCKHOLDERS' INVESTMENT		
Current Liabilities:		
Accounts Payable	$16,505	$52,632
Accrued Liabilities	62,069	51,205
Current portion of royalties payable to Technimed Corporation	100,000	100,000
Total Current Liabilities	178,574	203,837
Royalities payable to Technimed Corporation, net of current portion.	663,078	628,351
Commiteents and Contingencies (Note 3)	--	--
STOCKHOLDERS' INVESTMENT		
Preferred stock, $.001 par value - 5,000 shares authorized, none issued or outstanding.	0	0
Common stock, $.001 par value - 25,000,000 shares authorized, 2,960,000 issued and outstanding at March 31, 1992 and December 31, 1991	2,960	2,960
Additional paid in Capital	3,220,567	3,220,567
Excess of purchase price over identifiable and and allocated costs for technology acquired from Technimed Corporation.	(1,354,211)	(1,354,211)
Deficit accumulated during the development stage	(2,020,580)	(1,826,975)
	(151,184)	42,341
Total liabilities and stockholders' equity	$690,468	$874,529

The accompanying notes to financial statements are an integral part of these balance sheets.

HEDENTA CORPORATION
(A Development Stage Corporation)

STATEMENTS of OPERATIONS and ACCUMULATED DEFICIT

	For the three months ended March 31,		Period From Inception (January 1, 1989) Through March 31, 1992
	1992	1991	
	(Unaudited)	(Unaudited)	(Unaudited,
REVENUE	---	---	---
EXPENSES			
General and administrative	$145,641	$178,170	$1,364,473
Research and development	19,235	33,029	520,389
Provision for doubtful accounts	-	-	6,592
LOSS FROM OPERATIONS	(164,876)	(211,199)	(1,891,454)
OTHER INCOME (EXPENSE):			
Interest income	6,078	29,576	115,062
Interest expense - Technimed Corporation	(34,727)	(29,672)	(272,468)
Other expense	---	---	(1,640)
RESEARCH and DEVELOPMENT REIMBURSEMENT RECEIVED FROM OTHERS	---	---	30,000
NET LOSS	($193,525)	($211,295)	($2,020,500)
ACCUMULATED DEFICIT BEGINNING OF PERIOD	(1,826,975)	(893,384)	0
ACCUMULATED DEFICIT ENDING OF PERIOD	($2,020,500)	($1,104,679)	($2,020,500)
NET LOSS PER SHARE	($0.07)	($0.07)	($1.11)
WEIGHTED AVERAGE SHARES OUTSTANDING	2,960,000	2,960,000	1,826,437

The accompanying notes to financial statements are an integral part of these statements.

NEDERTA CORPORATION
(A Development Stage Corporation)

STATEMENTS OF CASH FLOWS

	For the three months ended March 31, 1992	1991	Period From Inception (January 1, 1989) Through March 31, 1992
	(Unaudited)	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss	($193,525)	($211,295)	($2,920,588)
Adjustments to reconcile net loss to net cash used by operating activities:			
Expenses incurred by Technimed on behalf of Nedenta	0	0	441,050
Depreciation	1,735	1,521	8,758
Imputed interest expense on royalties payable	34,727	29,672	218,759
Provision for bad debts			6,592
Change in assets and liabilities-			
(Increase) decrease in accounts receivable	3,625	0	(8,502)
(Increase) decrease in other assets	367		(24,257)
Increase (decrease) in accounts payable and accrued liabilities	(25,263)	(2,964)	78,574
Increase (decrease) in amounts due to Technimed Corporation	0	3,649	0
Net cash used by operating activities.	($178,334)	($179,536)	($1,199,518)
CASH FLOWS FROM INVESTING ACTIVITY:			
Capital Expenditures	($1,332)	$0	($36,151)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock to Technimed Corporation	0	0	100
Proceeds from initial public offering	0	0	4,020,000
Cost associated with initial public offering	0	0	(797,523)
Repayment of note payable to Technimed Corporation	0	0	(1,200,000)
Repayment of royalties payable to Technimed Corporation		(24,000)	(50,000)
Net Cash (used in) provided by financing activities.	$0	($24,000)	$1,972,577

(continued)

NEUROTA CORPORATION
(A Development Stage Corporation)

STATEMENTS OF CASH FLOWS
CONTINUED

	For the three months ended March 31, 1992	1991	Period From Inception (January 1, 1989) Through March 31, 1992
	(Unaudited)	(Unaudited)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	($179,666)	($203,526)	$636,998
CASH AND CASH EQUIVALENTS BEGINNING of PERIOD	$816,574	$1,664,633	$0
CASH AND CASH EQUIVALENTS END OF PERIOD	$636,998	$1,461,107	$636,998
SUPPLEMENTAL CASH FLOW INFORMATION: Interest paid	$0	$24,000	$103,710

The accompanying notes to financial statements are an integral part of these statements.

MEDENTA CORPORATION

(A Development Stage Corporation)

NOTES TO FINANCIAL STATEMENTS

(1) DESCRIPTION OF BUSINESS AND DEVELOPMENT STAGE ACTIVITIES:

(a) Description of Business

Medenta Corporation (the "Company") is a development stage corporation that has been engaged since January 1, 1989 ("inception date"), in the research and development of products for quick and convenient testing of body fluids for medical and dental purposes. The Company was formerly a business unit of TechniMed Corporation ("TechniMed") before being organized as a separate corporation on April 16, 1990. On November 1, 1990, the Company effected an initial public offering of 2,010,000 shares, or a 68% ownership interest by the public.

(b) Transfer of Technology from TechniMed

On June 26, 1990, the Company obtained its technology from TechniMed (see Note 4), in exchange for 949,900 unregistered shares of common stock, a promissory note of the Company in the principal amount of $1,200,000, payable on demand, with interest at 12% per annum and an arrangement for a 6% royalty on product sales and certain minimum annual payments (see Note 6(b). The technology acquired was independently appraised at $2,350,000 by a firm of consultants recommended by the underwriter of the initial public offering. The Company believes that it obtained technology from TechniMed, on terms not less favorable to the Company than the terms that would have beer available from an unaffiliated seller of similar technology. The Company considers its technology to be proprietary, however, an actual comparison with other sales of technology is not possible. The technology has not been recorded as an asset because it was acquired from a related party and the Company is in the development stage.

(c) Development Stage Activities

Since its organization as a separate corporation on April 16, 1990, the Company has been principally engaged in organizational activities, the acquisition of technology from TechniMed described above, evaluation of other technologies for potential acquisition in the dental product areas and research and development activities and discussions with third parties with regard to potential manufacturing and marketing relationships.

The Company is in the development stage, has not generated any revenue from product sales and has no assurance of future revenue. The Company has incurred an accumulated deficit of $2,020,500 through March 31, 1992. The Company has failed to meet the NASDAQ's new inclusion criteria approved by the SEC on August 30, 1991 and accordingly, the Company's common stock, Units and Class A Warrants were de-listed by NASDAQ on February 4, 1992. No products have been developed for commercial application and the Company does not anticipate completing the development, testing and regulatory review of any product in the near future. A substantial time period may elapse before certain products developed can be clinically tested and introduced commercially. Successful future operations are subject to several risks, including unforeseen problems and delays, expenses and complications frequently encountered with the early phases of research, development, and commercialization of products, the dependency on new and rapidly changing technology, and the competitive environment of the biotechnology industry. After products have been developed and successfully introduced into a market, additional time may be necessary before significant revenue is realized.

Management estimates that the existing cash balance at March 31, 1992 combined with further cost reductions to be implemented during 1992, will provide sufficient funds to finance operations through the end of 1992 at which time, additional financing will be required. The Company will require either additional financing or collaborative arrangements with other parties to support the ongoing activities of the Company. Such financing or collaborative arrangements may not be available to the Company. The above factors raise substantial doubt about the Company's ability to continue as a going concern.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following is a summary of significant accounting policies used in the preparation of the financial statements:

(a) Basis of presentation

The accompanying financial statements include the historical financial statements and transactions applicable to the technology transferred to the Company by TechniMed, including the applicable assets, liabilities, results of operations and cash flows incurred by TechniMed and is presented herein on the Company's historical cost basis. The statements of operations and the accumulated deficit include the direct costs and expense of operations and certain allocated expenses. Allocated expenses occurred during 1989 and 1990, and include common expenses and corporate allocations from TechniMed. There were no such allocations for the three months ended March 31, 1991 and March 31, 1992.

Although the Company's technology existed prior to January 1, 1989, the accompanying financial statements reflect January 1, 1989 as the date of inception as no significant costs associated with the technology transferred were incurred by TechniMed prior to January 1, 1989. The accumulated deficit from inception to April 16, 1990 (date of incorporation), is included in the deficit accumulated during the development stage in the accompanying balance sheet at March 31, 1992. Through June 26, 1990 (date of transfer of technology from TechniMed), $441,058 of research and development and general and administrative expenses were incurred by TechniMed and are included in the accumulated deficit.

(b) Cash equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

(c) Research and development costs

Company sponsored research and development costs related to future products are expensed as incurred.

(d) Accrued liabilities

Primarily consists of accrued audit fees of $30,000 for March 31, 1992 and December 31, 1991. In addition, March 31, 1992 includes approximately $11,000 in accrued legal fees.

(e) Royalties payable to TechniMed Corporation

Royalties payable is determined by calculating the present value of the minimum annual royalty payments based on an imputed interest rate of 20%. The minimum annual royalty payments is required under the royalty arrangement with Technimed Corporation in connection with the technology transfer. See Note 3 (b).

(f) Stock issuance costs

Direct costs (primarily underwriting, legal, accounting and printing costs) incurred in connection with the Offering have been accounted for as reductions of additional paid in capital.

(g) Excess of purchase price over identifiable and allocated costs for technology acquired from Technimed Corporation

The excess of purchase price over identifiable and allocated costs arose from the purchase of technology from TechniMed. Technimed presently owns 32% of the Company's common stock and prior to the initial public offering owned 100% of the Company's common stock. For financial accounting purposes, transfers of assets between entities under common control are accounted for at historical cost. Accordingly, the excess of purchase price over identifiable and allocated costs has been reflected as a reduction of stockholders' investment and will be amortized.

(h) Net loss per share

Net loss per share is calculated by dividing net loss by the weighted average number of shares outstanding during the period. Common shares issuable under stock options and warrants have not been considered in the computation of net loss per share as they are antidilutive. Primary and fully diluted net loss per share are the same for all periods.

(3) COMMITMENTS AND CONTINGENCIES:

(a) Employment Agreement

The Company entered into a twelve-month employment agreement with a director of the Company for $85,000 per year commencing on April 16, 1991. This director resigned prior to the expiration of the employment agreement. Total compensation paid to this director during the three months ended March 31, 1992, was approximately $23,000, including accrued but unused vacation.

The Company's board of directors approved the guarantee of compensation payments for two employees of TechniMed, should TechniMed become insolvent. Subsequent to this approval, TechniMed became insolvent and the two employees resigned from TechniMed and now exclusively devote their efforts to Medenta. One employee is both an officer and director of the Company, while the other is an officer. These employees were not paid by TechniMed for approximately two months and were subsequently paid by Medenta.

The annual salaries of the officer/director and officer are $125,000 and $65,000, respectively. Expense recorded for these individuals was approximately $34,000 and $17,000, respectively, for the three months ended March 31, 1992. By May 1, 1992, both employees had taken a 20% salary deferrment.

(b) Royalties

In connection with the transfer of technology from TechniMed, the Company entered into a royalty arrangement with TechniMed consisting of 6% of the net sales by the Company of products using technology licenses and sublicensed from TechniMed and providing for minimum annual payments creditable against running royalties until the expiration of the longest-lived patent expiring on October 31, 2006. The total minimum annual royalties payable to TechniMed at March 31, 1992 are $763,078, of which $663,078, is long-term.

(c) Leases

The Company leases its facility under a non-cancellable 66 month operating lease. Rent expense was $8,472 for the three months ended March 31, 1992, under this operating lease.

(d) Profit Sharing Agreement

The Company has two different profit sharing agreements with two directors. Each agreement provides for participation based on escalating percentages applied to defined Adjusted Net Profit dollar increments. Adjusted Net Profits are based upon the Company's annual net income before taxes, extraordinary items, but including an accrual for the payment of the amount as calculated pursuant to these agreements. No amounts were earned or paid for to date. As discussed above, one director has terminated his employment agreement and no longer has a profit sharing agreement with the Company.

(e) License and Consulting Agreement

On April 11, 1991, the Company licensed certain unpatented chemical formulations for plaque products from Mountainside Associates, Inc. ("MAI"), in consideration of (i) $42,500 upon the grant of the license, (ii) two payments of $40,000 each payable upon completion of animal tests and clinical trials, respectively, (iii) the issuance of options to purchase a total of 15,000 shares of common

stock of the Company at $2 per share, with options to purchase 5,000 shares becoming exercisable upon completion of animal tests and human trials, respectively, and expiring five years thereafter and (iv) running royalties ranging in increments from 0.5% of product sales to 3.0% of product sales, depending on annual sales volume. The license includes a commitment by the Company to spend at least $400,000 on research, development, and testing of plaque products, including amounts that may be paid to the licensor as described in clauses (i) and (ii) of the preceding sentence. The license is exclusive and may be terminated by the licensor if running royalties are less than specified minimum levels during certain specified periods. The Company recognized no expense associated with this agreement during the three months ended March 31, 1992.

On May 4, 1991, the Company entered into a two-year agreement with I.N.D. Management Inc. ("IND"), whereby the Company agreed to pay IND a finders fee for introducing the anti-plaque technologies and patents of MAI, to Medenta. The Company agreed to pay IND approximately $6,700 upon the demonstration of the efficacy of any chemicals developed by Medenta with the assistance of MAI, in animal testing, and will permit IND to purchase Company common stock having a market value of $5,000 for $1 once the Company has entered into a licensing agreement with a third party relating to the development of anti-plaque activity in an appropriate animal plaque model. Finally, approximately $6,700 will be paid upon the demonstration of the efficacy of such chemicals in human testing.

(f) Contingency

Infringement claims might be asserted by the Company's competitors against any membrane strips developed by the Company as components of periodontal and environmental tests. If a test developed by the Company were found to infringe a valid patent of a competitor, the Company might be forced to obtain from the competitor claiming infringement of a patent license on terms disadvantageous to the Company, or, if a patent license could not be negotiated, to stop marketing the infringing test.

In February 1992, two TechniMed employees that performed services for Medenta resigned from TechniMed and now exclusively devote their efforts to Medenta.

In March 1992, one of Medenta's directors resigned prior to the expiration of his employment agreement. He continues to remain a director of the Company.

On February 7, 1992, the Company was successful in its motion to dissolve a prejudgment writ of garnishment for $23,383 previously granted to plaintiff, Pacific National Bank in December, 1991.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Financial Statements and Notes thereto appearing elsewhere herein.

Liquidity and Capital Resources

The Company is a development stage enterprise and is currently utilizing the proceeds of its initial public offering to conduct its proposed activity. To date, the Company has not generated any revenues from product sales and as a result, has incurred an accumulated deficit of $2,020,500 through March 31, 1992. On November 1, 1990, the Company completed an initial public offering of 2,010,000 shares of its common stock for $4,020,523 less expenses associated with this initial public offering relating to underwriters commission and expense allowance, legal, printing, accounting, and other costs, leaving net proceeds of $3,222,477.

Working capital decreased from $618,272 to $460,244 from December 31, 1991 to March 31, 1992. The proceeds remaining from the Company's initial public offering totalled $636,908 as of March 31, 1992. The Company anticipates that its operations will absorb a significant portion of its working capital and it will require either additional financing or collaborative arrangements with other parties to support the ongoing activities of the Company.

Total assets decreased by 21% during the three months ended March 31, 1992 to $690,468 compared to $874,529 as of December 31, 1991. Total current liabilities decreased to $178,574 as of March 31, 1992 as compared to $203,837 at December 31, 1992 as significant legal fees accrued at December 31, 1991 were paid in January, 1992. Long term liabilities increased slightly over the same periods from $628,351 to $663,078.

Results of Operations

The Company expects to continue to incur substantial expenditures over the balance of 1992 in researching, developing and testing its proposed products. The Company has no other source of liquidity and has no commitments with regard to obtaining any further funds.

Management estimates that the existing cash balance at March 31, 1992 combined with further cost reductions to be implemented during 1992 will provide sufficient funds to finance operations through the end of 1992, at which time additional financing will be required. The Company will require either additional financing or collaborative arrangements with other parties to support the ongoing activities of the Company. Such financing or collaborative arrangements may not be available to the Company.

Capital Requirements and Source of Funds

The Company must increase its working capital in order to continue in business beyond fiscal year 1992. The Company is actively pursuing outside capital, however there can be no assurance that the Company will be able to raise additional revenue through outside sources.

The Company has no commitments for capital expenditures but is required to spend at least $400,000 on research, development, and testing of plaque products in connection with an agreement dated April 11, 1991, with Mountainside, discussed in Note 3(e).

Effective of Inflation

The Company does not believe that its business is materially affected either favorably or adversely by inflation.

Comparison of the Three Months Ended March 31, 1991, to the Three Months Ended March 31, 1991.

The Company recorded a net loss of $193,525 for the three months ended March 31, 1992 compared to a net loss of $211,295 for the three months ended March 31, 1991, a decrease of $17,770. Operating expenses for the three months ended March 31, 1992 totalled $164,876 compared to $211,199 for the same period in 1991, an improvement of $46,323. Principle among the savings was the expiration of the Company's management services and rent agreements with its former parent, TechniMed, in late 1991 and its move into less expense facilities with its own dedicated management staff. Somewhat offsetting the savings in operating expense was a reduction in interest income from $29,576 in the three months ended March 31, 1991 to only $6,078 for the same period in 1992, a reduction of $23,498. Fewer funds available for investment in 1992 and lower market interest rates accounted for this decrease in interest income. Accrued interest on the minimum royalty payable to TechniMed was $34,727 in the first quarter of 1992 compared to $29,672 in 1991.

MEDENTA CORPORATION

(A Development Stage Corporation)

Part II

Other Information

NONE

MEDENTA CORPORATION

(A Development Stage Corporation)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MEDENTA CORPORATION
Registrant

Date: May 14, 1992

Barry J. Newman
President and CEO

Michael E. Schulze
V.P. Finance & Administration

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